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銀城國際控股有限公司

YINCHENG INTERNATIONAL HOLDING CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1902)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

HIGHLIGHTS

- Revenue in 2020 was approximately RMB10,679.6 million, representing an increase of approximately 17.5% as compared to approximately RMB9,092.5 million in 2019.
- Gross profit in 2020 was approximately RMB1,157.4 million, representing a decrease of approximately 21.8% as compared to approximately RMB1,479.3 million in 2019. Gross profit margin in 2020 was approximately 10.8%, indicating a decrease of approximately 5.5 percentage points as compared to that in 2019.
- Profit in 2020 was approximately RMB386.1 million, representing an increase of approximately 7.1% as compared to approximately RMB360.4 million in 2019. Net profit margin in 2020 was approximately 3.6%, indicating a decrease of approximately 0.4 percentage point as compared to that in 2019.
- Profit attributable to owners of the parent in 2020 was approximately RMB182.6 million, representing an increase of approximately 21.5% as compared to approximately RMB150.3 million in 2019.
- Earnings per share attributable to ordinary equity holders of the Company in 2020 was approximately RMB0.13 per share.
- Contracted sales amount in 2020 was approximately RMB23,208.3 million, representing an increase of approximately 17.1% as compared to that in 2019; contracted sales GFA in 2020 was approximately 1,153,237 sq.m., representing an increase of approximately 2.1% as compared to that in 2019.
- The Board recommended the payment of final dividend of HK\$0.0306 per share for the year ended 31 December 2020.

ANNUAL RESULTS

The board of directors (the “**Board**”) of Yincheng International Holding Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 with comparative figures for the year ended 31 December 2019. The annual results have been prepared in accordance with the International Financial Reporting Standards (the “**IFRS(s)**”) and reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
REVENUE	5	10,679,634	9,092,472
Cost of sales		<u>(9,522,203)</u>	<u>(7,613,165)</u>
GROSS PROFIT		1,157,431	1,479,307
Other income and gains	5	64,773	65,800
Selling and distribution expenses		(258,419)	(294,980)
Administrative expenses		(226,693)	(292,408)
Other expenses		(20,142)	(22,828)
Fair value gains on investment properties		125,670	106,300
Finance costs	7	(202,330)	(166,991)
Share of profits and losses of:			
Joint ventures		(9,879)	(15,440)
Associates		<u>43,988</u>	<u>81,369</u>
PROFIT BEFORE TAX	6	674,399	940,129
Income tax expense	8	<u>(288,255)</u>	<u>(579,769)</u>
PROFIT FOR THE YEAR		<u>386,144</u>	<u>360,360</u>
Attributable to:			
Owners of the parent		182,627	150,309
Non-controlling interests		<u>203,517</u>	<u>210,051</u>
		<u>386,144</u>	<u>360,360</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted earnings per share	9	<u>RMB0.13 yuan</u>	<u>RMB0.11 yuan</u>

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(20,988)	33,022
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Change in use from an owner-occupied property to an investment property carried at fair value	14,351	–
Change in fair value of equity investments designated at FVOCI	109,509	1,965
Income tax effect	(3,588)	(324)
	<u>120,272</u>	<u>1,641</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>99,284</u>	<u>34,663</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>485,428</u></u>	<u><u>395,023</u></u>
Total comprehensive income attributable to:		
Owners of the parent	281,911	184,972
Non-controlling interests	203,517	210,051
	<u><u>485,428</u></u>	<u><u>395,023</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		941,547	1,241,223
Investment properties		2,788,700	918,200
Right-of-use assets		163,755	281,354
Intangible assets		7,084	5,707
Investments in joint ventures		180,725	78,103
Investments in associates		2,142,510	910,513
Deferred tax assets		278,034	309,682
Other non-current assets		527,709	–
Equity investments designated at fair value through other comprehensive income (“FVOCI”)		643,710	326,723
Total non-current assets		7,673,774	4,071,505
CURRENT ASSETS			
Properties under development		20,327,503	16,166,537
Completed properties held for sale		2,851,239	6,227,457
Trade receivables	11	1,294	1,458
Due from related companies		971,286	895,762
Prepayments, deposits and other receivables	12	3,762,707	2,729,374
Financial assets at fair value through profit or loss (“FVTPL”)		1,934,292	–
Tax recoverable		629,284	342,007
Other current assets		56,610	56,245
Inventories		523	890
Restricted cash		708,538	1,137,115
Pledged deposits		2,194,070	29
Cash and cash equivalents		3,518,324	2,894,255
Total current assets		36,955,670	30,451,129
CURRENT LIABILITIES			
Trade and bills payables	13	4,001,807	2,742,799
Other payables, deposits received and accruals	14	3,166,054	3,969,718
Due to related companies		4,950,820	624,499
Interest-bearing bank and other borrowings		3,323,086	4,917,819
Senior notes		2,217,378	–
Lease liabilities		5,164	16,826
Contract liabilities		11,384,909	10,503,434
Tax payable		1,346,693	1,293,051
Total current liabilities		30,395,911	24,068,146
NET CURRENT ASSETS		6,559,759	6,382,983
TOTAL ASSETS LESS CURRENT LIABILITIES		14,233,533	10,454,488

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	8,825,094	5,582,140
Lease liabilities	3,543	3,072
Deferred tax liabilities	143,125	842,471
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Total non-current liabilities	8,971,762	6,427,683
	<hr/>	<hr/>
NET ASSETS	5,261,771	4,026,805
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EQUITY		
Equity attributable to owners of the Company		
Share capital	124,119	124,119
Treasury shares	(7)	(7)
Other reserves	2,635,955	2,384,706
	<hr/>	<hr/>
	2,760,067	2,508,818
	<hr/>	<hr/>
Non-controlling interests	2,501,704	1,517,987
	<hr/>	<hr/>
TOTAL EQUITY	5,261,771	4,026,805
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2020, the subsidiaries now comprising the Group were involved in property development, hotel operations, property investment and exhibition operation.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs (which include all standards and interpretations approved by the IASB, and International Accounting Standards (“**IASs**”), Standing Interpretations Committee interpretations) approved by the IASB that remain in effect, and the disclosure requirements of the Companies Ordinance in Hong Kong. They have been prepared under the historical cost convention, except for investment properties, financial assets at FVTPL, equity investments designated at FVOCI and other financial liabilities which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest Rate Benchmark Reform
Amendment to IFRS 16	Covid-19 Related Rent Concessions (early adopted)

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

- (a) Conceptual Framework for Financial Reporting 2018 (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein overrides the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

The Group has applied the concentration test to the acquisition of companies. The fair value of the gross assets acquired in each of the above acquisitions was substantially concentrated in a single identifiable asset or group of similar identifiable assets of the acquired subsidiaries. Therefore, these subsidiaries was determined not to be a business and accordingly, the Group did not apply the acquisition method to the acquisition of these subsidiaries.

- (c) Amendments to IFRS 7, IFRS 9 and IAS 39 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any significant impact on the financial position and performance of the Group.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development, property leasing, the provision of project management services, hotel and exhibition operation. Property leasing, the provision of project management services, hotel and exhibition operation are not significant in revenue contribution. Thus, property development is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

Geographical information

No further geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China (the "PRC") and no non-current assets of the Group are located outside the PRC.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2020.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sales of properties, project management income, hotel operations, rental income and exhibition operation income during the reporting year.

An analysis of revenue is as follows:

	2020 RMB'000	2019 RMB'000
<i>Revenue from contracts with customers</i>	10,663,274	9,089,267
<i>Revenue from other sources</i>		
Property lease income	16,360	3,205
	<u>10,679,634</u>	<u>9,092,472</u>

Revenue from contracts with customers

Types of goods or services:

Sale of properties	10,589,619	8,996,128
Project management service	30,489	79,679
Hotel operation	40,290	13,460
Exhibition operation income	2,876	–

Total revenue from contracts with customers	<u>10,663,274</u>	<u>9,089,267</u>
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Timing of revenue recognition:

Recognised at a point in time:		
Revenue from sales of properties	10,589,619	8,996,128
Revenue from hotel operation	23,165	7,293

Recognised over time:

Revenue from project management	30,489	79,679
Revenue from hotel operation	17,125	6,167
Revenue from exhibition operation	2,876	–

Total revenue from contracts with customers	<u>10,663,274</u>	<u>9,089,267</u>
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The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	5,520,419	4,959,576
	2020 RMB'000	2019 RMB'000
Other income and gains		
Government grants	5,003	2,799
Interest income	25,535	23,323
Forfeiture of deposits	1,463	1,685
Investment income on business combination achieved in steps	–	11,277
Gain/(loss) on disposal of a subsidiary	1,369	(14,739)
Investment income from financial assets at FVTPL	13,524	–
Dividend income from equity investments at FVOCI	15,154	10,990
Recovery of financial guarantees contracts	–	13,102
Recovery of security deposit for breaking contracts	–	16,470
Others	2,725	893
	64,773	65,800

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020 RMB'000	2019 RMB'000
Cost of inventories sold	9,503,029	7,534,877
Project management costs	15,143	39,290
Operating costs for leased out properties	4,705	1,231
Exhibition costs	997	–
Hotel operation costs	23,441	10,885
Impairment loss recognised for completed properties for sales	3,932	26,882
Depreciation of items of property, plant and equipment	74,293	5,160
Depreciation of right-of-use assets	15,532	15,708
Amortisation of other intangible assets	710	681
Loss on disposal of items of property, plant and equipment	–	43
Fair value gains on investment properties	(125,670)	(106,300)
Fair value gains from financial assets at FVTPL	13,524	–
Rental expenses	2,199	4,126
Auditors' remuneration	3,000	2,800
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	183,545	195,493
Pension scheme contributions and social welfare	39,816	55,938

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000
Interests on bank and other borrowings	1,011,867	571,974
Interests expense arising from revenue contracts	313,401	238,253
Interests on lease liabilities	1,042	1,268
Less: Interest capitalised	(1,123,980)	(644,504)
	202,330	166,991

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in the PRC were subject to PRC corporate income tax rate of 25% for the year.

Land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2020 RMB'000	2019 RMB'000
Current tax:		
PRC corporate income tax	268,329	492,732
PRC LAT	137,494	444,236
Deferred tax	(117,568)	(357,199)
Total tax charge for the year	288,255	579,769

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each reporting period is as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
Profit before tax	674,399	940,129
At the statutory income tax rate	168,600	235,032
Profits and losses attributable to joint ventures and associates	(8,527)	(16,482)
Investment income recognised in acquisition of subsidiaries	–	(2,819)
Income not subject to tax	(3,789)	(2,748)
Expenses not deductible for tax	3,707	3,335
Unrecognised temporary differences	6,181	2,902
Withholding taxes on undistributed profits of the subsidiaries in the PRC	(26,085)	3,101
Tax losses utilised from previous periods	(4,297)	(38,512)
Unrecognised tax losses	49,344	62,783
Provision for LAT	137,494	444,236
Tax effect on LAT	(34,373)	(111,059)
Tax charge at the Group's effective rate	288,255	579,769

The share of tax charge attributable to joint ventures and associates amounted to RMB44,356,000 for the year (2019: RMB33,056,000). The share of tax credit attributable to joint ventures and associates amounting to RMB32,986,000 for the year (2019: RMB11,530,000). Both are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Tax payable in the consolidated statement of financial position represents:

	31 December 2020 RMB'000	31 December 2019 <i>RMB'000</i>
PRC corporate income tax	479,878	524,194
PRC LAT	866,815	768,857
	1,346,693	1,293,051

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,446,962,138 in issue during the year ended 31 December 2020 (2019: 1,369,170,287 shares).

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

The calculations of the basic and diluted earnings per share amounts are based on:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>186,027</u>	<u>150,309</u>
	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	<u>1,446,962,138</u>	<u>1,369,170,287</u>

10. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Proposed final dividend — HK3.06 cents (2019: HK2.32 cents) per ordinary share	<u>37,205</u>	<u>30,062</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders (the "Shareholders") at the forthcoming annual general meeting (the "AGM").

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2020 <i>RMB'000</i>	31 December 2019 <i>RMB'000</i>
Less than 1 year	<u>1,294</u>	<u>1,458</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Prepayments for land auction	11,200	154,364
Construction performance deposits	388,899	15,284
Other deposits	146,066	182,197
Other tax recoverable	653,778	519,042
Due from non-controlling shareholders of subsidiaries	1,726,824	1,211,510
Due from third parties	826,460	598,874
Due from employees	651	959
Other receivables	13,761	47,144
	<u>3,767,639</u>	<u>2,729,374</u>
Impairment allowance	(4,932)	–
	<u>3,762,707</u>	<u>2,729,374</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

13. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within 1 year	2,868,654	1,866,927
Over 1 year	1,133,153	875,872
	<u>4,001,807</u>	<u>2,742,799</u>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

14. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	31 December 2020 <i>RMB'000</i>	31 December 2019 <i>RMB'000</i>
Retention deposits related to construction	109,279	129,218
Interest payable	99,378	94,270
Payroll and welfare payable	59,447	56,634
Other tax and surcharges	26,527	72,782
Advances from non-controlling shareholders of subsidiaries	1,594,727	3,241,268
Advances from third parties	1,218,056	301,806
Accrued liabilities	25,460	49,269
Others	33,180	24,471
	<u>3,166,054</u>	<u>3,969,718</u>

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present you with the annual results of our Group for the year ended 31 December 2020, as well as the review and outlook for the business development of our Group over the year.

BUSINESS REVIEW

2020 was an extraordinary year for the real estate industry. The development of various industries and businesses in the country was hindered by the outbreak of the COVID-19 pandemic at the beginning of the year, commodity properties sales, in particular, were severely and adversely affected. As the COVID-19 pandemic was gradually brought under control, the real estate market began to recover in the second quarter of the year. Following the promulgation of the “three red lines (三道紅線)” policy by regulatory bodies in the second half of the year whereby further regulation and control measures against the real estate market were imposed, real estate developers experienced limited growth in interest-bearing debt financing. The guiding principle of “no speculation of residential properties (房住不炒)” was maintained throughout the year, which aims to encourage stable and healthy development of the real estate market. Notwithstanding the adoption of increasingly stringent control policies in the midst of faltering market and economic conditions, real estate developers have demonstrated great resilience by taking the initiative to deal with the pressure and challenges. According to the latest information released by the National Bureau of Statistics of China, sales gross floor area (“GFA”) of commodity properties in the PRC amounted to approximately 1,761 million sq.m. in 2020, representing a year-on-year increase of approximately 2.6%; meanwhile, sales of commodity properties amounted to approximately RMB17.36 trillion, representing a year-on-year increase of approximately 8.7%. The introduction of the “three red lines (三道紅線)” policy focuses on mitigating financial risks faced by the real estate industry, which resulted in the imposition of positive limitations on market expansion and caused increasingly fierce industry competition. How to ensure long-term stable development notwithstanding the implementation of deleverage exercises, reduced debt financing and stabilised sales has become a question faced by every real estate developer.

2020 has also been a year of preparation for our Group. Our Group consistently adhered to the development strategy of “based in Nanjing, cultivate the Yangtze River Delta Megalopolis (立足南京、深耕長三角地區)”, pursued the product philosophy which places equal emphasis on both quality and service, and maintained robust development for our business in general. With the full resumption of our business operation at the end of February 2020, various construction projects and sales activities of our Group have been carried out steadily. Over the past year, all of our employees have gathered together to overcome numerous challenges, and achieved breakthroughs as shown in various business performance indicators. For the year ended 31 December 2020, our Group recorded revenue of approximately RMB10,679.6 million, representing an increase of approximately 17.5% as compared to approximately RMB9,092.5 million for the same period last year; meanwhile, our Group's profit for the year amounted to approximately RMB386.1 million, representing an increase of approximately 7.1% as compared to approximately RMB360.4 million in 2019. Our Group's heightened turnover

strategy has achieved further results, exemplified in a steady growth in profitability, with moderate expansion of our scale of operations and significant improvement in the quality of operations.

Adjusted project launch schedule despite challenges and achieved record high contracted sales

Under the influence of the COVID-19 pandemic, commencement of construction, investments and sales of the real estate industry were susceptible to certain constraints. Nevertheless, our Group responded proactively and in a timely manner by adjusting our project launch schedule and promoting our business through multiple channels, including the adoption of “cloud property viewing (雲看房)”, “cloud sales (雲銷售)” and “cloud delivery (雲交付)” through online live broadcasting and small applications of the new media. Through such approaches, while property owners could enjoy convenience on the one hand, our Group could develop our online customer base and undergo digital transformation on the other hand. Along with the improving pandemic conditions, our Group gradually stepped up its project launch effort. During the second half of the year, various project launches were well received and we had excellent overall sales performance. Relying on our steady project launch strategy throughout the year, as well as our accumulated positive brand image and high market recognition over the years, our Group achieved a historic breakthrough in the total amount of contracted sales for the year. For the year ended 31 December 2020, our Group’s total contracted sales reached a record high of approximately RMB23,208.3 million, representing a year-on-year increase of approximately 17.1%. The total contracted sales GFA amounted to approximately 1,153,237 sq. m. with a contracted average selling price (“ASP”) of approximately RMB20,125 per sq.m., representing a year-on-year increase of approximately 14.6%. As regards the breakdown of contracted sales of our Group by cities, nearly 60% of such sales for the year were derived from two new first-tier cities, namely Nanjing and Hangzhou, which are under our key market establishment strategy. Our Group had excellent performance in generating contracted sales of more than RMB2,443.4 million (representing approximately 10.5% of total contracted sales) from and after its first entry in Wenzhou in 2020. As regards the breakdown by projects, Lanshili (瀾仕里) and Qingshanhupan (青山湖畔) in Hangzhou and Bejoy Villa (鉞悅源墅) in Nanjing, were the top three projects of our Group which contributed the highest amount of contracted sales. It is worth noting that sales of approximately RMB11,212.1 million were generated in the fourth quarter, being a record high for one single quarter, due to the collective endeavour of all members of our Group. Among which, the initial launch of the Zhi Lu (知廬) in Hefei and Jin Ling Jiu Yuan (金陵玖園) in Nanjing were well received by the market as demonstrated by their respective overall sales rates of 80% and 92%. Other projects which were subsequently delivered, namely Huijian Weilai (薈見未來) in Nanjing, Sheltered Mansion (東樾府) in Wuxi and Town City (依瀾郡) in Ma’anshan, also reached a delivery rate upon property purchasers’ visits of 100%, 99.5% and 96%, respectively.

Continue to maintain our regional market penetration strategy with ample land reserve resources

In 2020, our Group was committed to our existing strategies of serving the markets in the Yangtze River Delta Megalopolis. During the year, we extended our business presence to Wenzhou to further develop the five regional markets of Nanjing, Southern Jiangsu, Zhejiang, Huaihai and Anhui. Our Group had acquired a total of 17 land parcels within the year through

various means, including tendering, mergers and acquisitions, and bidding at property exchange centres, which contributed to an increase of approximately 2.16 million sq.m. and over RMB33,148 million in total GFA and sales, respectively. As at 31 December 2020, the GFA of our Group's total land bank amounted to approximately 5.99 million sq.m., of which, approximately 4.78 million sq.m. was attributable to our Group, and the sales value of such completed properties held for sale was approximately RMB55,484 million.

Our Group's land bank is mainly situated in core land parcels in the core cities of the Yangtze River Delta Megalopolis, including Nanjing, Hangzhou and Wuxi. Such geographical advantage has provided strong support for our future development and continued growth in contracted sales.

Significant improvement in operating efficiency and maintenance of quality services

Our Group has adopted standardised property development procedures in order to speed up property turnover and promote efficient operations. In 2020, both the average duration for the obtaining of the four certificates and the average initial sales period were shortened by approximately one month to approximately 3.8 months and 6.1 months, respectively, as compared with that in 2019. Development efficiency has improved significantly and the pace of our operation has been further accelerated. As our Group acknowledges that product quality is the foundation of our success and the cornerstone of our sound development, in addition to improving efficiency, our Group has always focused on the development of quality residential properties, and quality, livable and environmentally friendly property products for customers of all ages. We constantly perfect our product design system and enhance customer service. Our score for overall customer satisfaction in 2020 was 88, which was close to industry benchmark. Our Group delivered more than 4,300 properties throughout the year with a delivery satisfaction rate of 82%. In the meantime, our Group's physical examination initiative including the performance of annual inspections and maintenance for the extension of properties' service lives, was well received by property owners. During the year, our Group completed physical examinations on properties in 22 communities, served over 20,000 households, and obtained an overall satisfaction rate of 92%. Our Group is committed to providing better products and services to our customers, and growing together with the communities.

Successful issuance of US\$ senior notes and more diversified financing channels

Since our listing in 2019, with the aim to become a leading real estate enterprise in the region, our Group has been striving to enhance our capabilities in all aspects. Relying on our stable business growth, excellent financial performance and results of operations, we have gradually gained recognition and reputation from the capital market. In 2020, our Group was rated by two major international authoritative credit rating agencies, namely Moody's Investors Service, Inc. and Lianhe Ratings Global Limited, as having a stable outlook with an issuer credit rating of "B2" and "B+" respectively. During the year, our Group actively expanded our external financing channels and enhanced our overseas financing capabilities. We successfully issued US\$140 million and US\$200 million senior notes, all of which were over-subscribed. With our solid corporate strength and stable and substantial investment returns on US\$ denominated senior notes, our Group was awarded the "2020 Outstanding Chinese Offshore Bonds Issuer — Real Estate Category* (2020年度中資離岸債券傑出發行人 — 地產類)" prize from Golden Duration* (金久期) and was listed by BNP Paribas as one of the

recommended investment targets for US\$ denominated bonds in the real estate sector. The shares of our Company were also given “buy* (增持/買入)” ratings by numerous brokerages, which were optimistic about our Group’s future growth in sales, performance and development potential.

Gradually improved industry rankings and receipt of multiple honours on comprehensive strengths

In 2020, our Group has enhanced our comprehensive development and operation capabilities in four aspects, namely, investment and financing, business development, sales, and internal management, which contributed to the growth in sales, and brought about recognition from all walks of life and numerous awards. During the year, our Group was awarded “2020 Top 100 Listed Real Estate Enterprise in China* (2020中國上市房企百強)”, “2020 China Specialised Real Estate Company* (2020中國特色地產運營優秀企業)”, “The Best Small and Medium Sized Enterprise* (最佳中小市值公司)”, and “The Best IR Team of the Year* (年度最佳IR團隊)”, and ranked first on the list of the “Top 50 Enterprises with Comprehensive Strength in Jiangsu Real Estate Development Industry* (江蘇省房地產開發行業綜合實力50強)” for the first time. In addition, with excellent design and quality engineering capabilities, residential projects as developed by our Group have won 12 major local and international awards, including a total of four design awards in respect of architectural engineering design, urban housing and residential community design in the selection of the “2020 Provincial Urban and Rural Construction System Outstanding Survey and Design Award* (2020年度省城鄉建設系統優秀勘察設計獎)” as announced by Housing and Urban-Rural Development Office of Jiangsu Province* (江蘇省住房和城鄉建設廳) in early January 2021. These awards will inspire our Group to make persistent efforts to maintain our excellent product or service specification, standard and quality.

FUTURE OUTLOOK

Looking forward, even though there may be uncertainties as regards policy adoption and the macro environment, our Group will actively overcome challenges, seize opportunities and strive to pursue better results. In terms of policies, in November 2020, the central government once again highlighted in its 14th Five-Year Plan the principle of “no speculation of residential properties (房住不炒)”, the maintenance of balance between leases and purchases, and the implementation of policies according to the actual situation in different cities, which set the basis for real estate development in the coming few years, and the policy to “stabilise housing prices, land prices and market expectations (穩房價、穩地價、穩預期)” shall remain as the key of real estate regulation. With the introduction of the “three red lines (三道紅線)” policy, the central government made great efforts to reduce the financing leverage and debt level of real estate enterprises, which means, in the next two to three years, development models which depend on financing leverage for business expansion as adopted by real estate enterprises will no longer be sustainable. Instead, sales proceeds and operating cashflow would gradually return as the driving force for development of real estate enterprises. As far as the market is concerned, according to the National Bureau of Statistics, although the large market size of the industry was remained in 2020 with sales area of 1.7 billion sq.m. and sales amount of RMB17 trillion, there was clear market differentiation and more intense market competition. The prevalence of market challenges, such as the difficulty in land acquisition and declining overall profit margins of investment projects, will be normalised. The realisation

of profits for future developments will require better investment judgement and development management capabilities from enterprises. While our Group shall continue to adopt a prudent management style and control our operation risks in our future development, we shall also strike a balance between survival and development in the regional market at the same time by leveraging our brand image and competitive edge in our products and services.

Our Group believes that only steady and healthy development will sustain in the long run. In the future, and on the basis that our Company has sufficient capital, our Group will continue to employ a combination of measures to pursue reasonable expansion, improve operating quality, and achieve stable growth in profitability. To these ends, our Group will continue to focus on the Yangtze River Delta Megalopolis, and based on the five major regional markets, expand our business presence in new cities when opportunities arise. We will persist in making targeted investments, exercise strict control over project quality by reference to multiple indicators, including net profit margin and operating cashflow, and maintain diversified channels for the acquisition of land parcels, so as to promote sound development of our investment projects and business operations. We will also persist in optimising the financial indicators, maintain the current size of debt and debt ratio, lower the net debt ratio and achieve stable development under the “three red lines (三道紅線)” policy. Further, we will improve our level of cashflow, promote sales, collect receivables, enhance operation and management efficiency with lower costs, improve cashflow turnover and maintain stable operations. We will also expand our financing channels, minimise financing costs, and proactively look for both local and international financing sources. Our Group will continue to optimise and improve product offerings and services, put forward upgraded product series, enhance engineering quality and maintain our benchmarked customer satisfaction rate. At the same time, our Group will continue to improve our operation and management efficiency, further practise our culture of “honesty, responsibility, cooperation and innovation (誠實、擔當、合作、創新)”, endeavour and grow together with all employees of our Group. Our Group will certainly live up to expectations, strive to become a leading real estate enterprise and bring continuous and stable returns to our Shareholders.

Yincheng International Holding Co., Ltd.
HUANG Qingping
Chairman

Nanjing, China
29 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. During the year ended 31 December 2020, the subsidiaries of the Company now comprising the Group were involved in property development, hotel operations, property investment and exhibition operation.

PROPERTY DEVELOPMENT

The Group is an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. The Group commenced its property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis.

For the year ended 31 December 2020, the Group continued to focus on developing quality residential properties in the Yangtze River Delta Megalopolis while expanding its footprint to other cities in the Yangtze River Delta Megalopolis, including Wenzhou. The Group believes that the unique geographical advantages of the Yangtze River Delta Megalopolis will remain substantial in the future. Due to the prosperous economic development and growing population in the Yangtze River Delta Megalopolis, the residential properties development market has significant growth potential. The Group will continue to focus on the Nanjing market in the future and strategically expand its reach in other cities in the Yangtze River Delta Megalopolis, further accelerating asset turnover and improving operational efficiency while maintaining property quality, and strive to become the leading quality property developer catered to customers of all ages in the Yangtze River Delta Megalopolis.

Contracted Sales

Despite the challenges brought about by the COVID-19 pandemic, the Group accelerated its contracted sales from the second quarter as the market began to show signs of recovery. For the year ended 31 December 2020, contracted sales amount of the Group together with its joint ventures and associates amounted to approximately RMB23,208.3 million, representing an increase of approximately 17.1% from approximately RMB19,821.4 million for the year ended 31 December 2019, which was mainly attributable to the increase in contracted sales GFA of the Group together with its joint ventures and associates to approximately 1,153,237 sq.m. for the year ended 31 December 2020, representing an increase of approximately 2.1% from approximately 1,129,071 sq.m. for the year ended 31 December 2019.

For the year ended 31 December 2020, ASP recorded in the contracted sales of the Group together with its joint ventures and associates was approximately RMB20,125 per sq.m., representing an increase of approximately 14.6% from approximately RMB17,555 per sq.m. for the year ended 31 December 2019. Such increase was mainly attributable to the higher ASP recognised for projects in Nanjing and Hangzhou.

Contracted sales from Nanjing, Wuxi, Suzhou, Hangzhou, Taizhou, Wenzhou, Xuzhou, Hefei, Zhenjiang and Ma'an Shan contributed to approximately 39.2%, 5.2%, 5.0%, 20.2%, 3.6%, 10.5%, 6.8%, 4.8%, 3.8% and 0.9% respectively of the total contracted sales of the Group together with its joint ventures and associates in 2020.

The following table sets out the geographic breakdown of the contracted sales of the Group together with its joint venture and associates in 2020 with comparative figures in 2019.

City	For the year ended 31 December 2020			% of contracted sales in 2020	For the year ended 31 December 2019			% of contracted sales in 2019
	Contracted GFA sold sq.m.	Contracted sales RMB'000	Contracted ASP RMB/sq.m.		Contracted GFA sold sq.m.	Contracted sales RMB'000	Contracted ASP RMB/sq.m.	
Nanjing	392,735	9,107,960	23,191	39.2%	584,090	11,433,340	19,575	57.7%
Wuxi	83,889	1,205,710	14,373	5.2%	216,282	2,820,405	13,040	14.2%
Suzhou	47,167	1,169,630	24,798	5.0%	50,885	1,386,410	27,246	7.0%
Hangzhou	196,838	4,678,240	23,767	20.2%	61,376	1,591,420	25,929	8.0%
Taizhou	44,729	830,680	18,571	3.6%	9,827	191,110	19,447	1.0%
Wenzhou	105,063	2,443,378	23,256	10.5%	–	–	–	–
Xuzhou	132,287	1,574,580	11,903	6.8%	74,964	686,840	9,162	3.5%
Hefei	57,704	1,123,450	19,469	4.8%	52,746	750,440	14,227	3.7%
Zhenjiang	59,890	873,340	14,582	3.8%	39,362	625,420	15,889	3.2%
Ma'an Shan	32,935	201,360	6,114	0.9%	39,539	336,000	8,498	1.7%
Total	1,153,237	23,208,328	20,125	100.0%	1,129,071	19,821,385	17,555	100.0%

GFA Delivered and Revenue Recognised from Sale of Properties

For the year ended 31 December 2020, total GFA delivered amounted to approximately 586,525 sq.m., representing an increase of approximately 33.3% from approximately 439,866 sq.m. for the year ended 31 December 2019.

Revenue recognised from sale of properties increased by approximately 17.7% from approximately RMB8,996.1 million for the year ended 31 December 2019 to approximately RMB10,589.6 million for the year ended 31 December 2020, accounting for approximately 99.2% of the Group's total revenue. Such increase was primarily due to the total GFA delivered from Honor Mansion (雲台天境), Bejoy Villa (鉅悅源墅), Hui Mountain International Community (惠山國際社區) and Yungutianjing Mansion (雲谷天境) which generated revenue of approximately RMB2,373.92 million, RMB1,731.29 million, RMB952.34 million and RMB1,188.42 million, respectively, during 2020.

ASP recognised for the year ended 31 December 2020 was approximately RMB18,055 per sq.m., representing a decrease of approximately 11.7% from approximately RMB20,452 per sq.m. in 2019. Such decrease was primarily due to the lower ASP attributable to sales of Sheltered Mansion (東樾府) and Hui Mountain International Community (惠山國際社區).

During the year ended 31 December 2020, the properties delivered by the Group mainly included Honor Mansion (雲台天境), Hui Mountain International Community (惠山國際社區) and Qingshanhupan (青山湖畔). The following table sets forth the details of the revenue recognised from the sale of properties of the Group by geographical location in 2020 with comparative figures in 2019.

	For the year ended 31 December					
	2020			2019		
	Revenue	GFA	Recognised	Revenue	GFA	Recognised
	RMB'000	delivered	ASP	RMB'000	delivered	ASP
		sq.m.	RMB/sq.m.		sq.m.	RMB/sq.m.
Nanjing						
Peaceful Paradise (君頤東方)	25,064	859	29,178	175,413	5,563	31,532
Blue Stream Town (藍溪郡)	26,018	1,069	24,339	63,927	4,692	13,625
Dongyue Mansion (東岳府)	509,792	13,232	38,527	868,710	21,120	41,132
Ideal Palace (一方山)	7,314	610	11,990	94,929	8,348	11,371
Honor Mansion (雲台天境)	2,373,919	94,810	25,039	3,796,526	141,130	26,901
Kinma Q+ Community (Kinma Q+社區)	33,721	1,911	17,645	939,645	44,743	21,001
Long Island Qin Park (長島觀瀾沁園)	—	—	—	48	12	4,000
Xidi International Community (西堤國際)	1,132	101	11,208	80	—	506
Bejoy Villa (鉅悅源墅)	1,731,287	57,858	29,923	632,717	21,409	29,534
First phase of Airport Exhibition Town (空港會展小鎮一期)	697,317	61,713	11,299	—	—	—
Jiang Shan Yu Mansion (江山御)	415,137	22,685	18,300	—	—	N/A
	<u>5,820,701</u>	<u>254,848</u>	<u>22,840</u>	<u>6,571,995</u>	<u>247,017</u>	<u>26,605</u>
Wuxi						
Tianyuan Mansion (天元世家)	97	36	5,139	207	—	—
Canal Park (京梁合)	985	192	5,130	2,016	396	5,091
Hui Mountain International Community (惠山國際社區)	952,341	86,851	10,965	489,023	80,138	6,102
Sheltered Mansion (東樾府)	681,443	61,823	11,022	1,469,969	78,361	18,759
	<u>1,634,866</u>	<u>148,902</u>	<u>10,979</u>	<u>1,961,215</u>	<u>158,895</u>	<u>12,343</u>
Zhenjiang						
Yuefu Mansion (樾府)	342,459	21,889	15,645	—	—	—
Tang Dynasty Mansion (盛唐府)	194,022	15,195	12,769	462,918	33,953	13,634
	<u>536,481</u>	<u>37,084</u>	<u>14,467</u>	<u>462,918</u>	<u>33,953</u>	<u>13,634</u>

	For the year ended 31 December					
	2020			2019		
	Revenue	GFA	Recognised	Revenue	GFA	Recognised
	RMB'000	delivered	ASP	RMB'000	delivered	ASP
		sq.m.	RMB/sq.m.		sq.m.	RMB/sq.m.
Suzhou						
Yuan Stream Mansion (原溪)	377,970	12,620	29,950	–	–	N/A
Hangzhou						
Yungutianjing Mansion (雲谷天境)	1,188,418	48,296	24,607	–	–	N/A
Qingshanhupan (青山湖畔)	621,425	37,303	16,659	–	–	N/A
	<u>1,809,843</u>	<u>85,599</u>	<u>21,143</u>	<u>–</u>	<u>–</u>	<u>N/A</u>
Xuzhou						
Yinshan Road Parcel (銀山路)	409,758	47,472	8,632	–	–	N/A
Total	<u>10,589,619</u>	<u>586,525</u>	<u>18,055</u>	<u>8,996,128</u>	<u>439,865</u>	<u>20,452</u>

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalised borrowing costs and other costs directly attributable to such properties incurred during the development period and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2020, the Group had properties under development of approximately RMB20,327.5 million, representing an increase of approximately 25.7% from approximately RMB16,166.5 million as at 31 December 2019. The increase was primarily due to the change in land bank and property development activities which are in line with the Group's business strategy.

Completed Properties Held for Sale

Properties held for sale represent the completed development properties ready for sale and were unsold at the end of each reporting period.

As at 31 December 2020, the Group had completed properties held for sale of approximately RMB2,851.2 million, representing a decrease of approximately 54.2% from approximately RMB6,227.5 million as at 31 December 2019. The decrease was primarily due to the sales of completed properties of Honor Mansion (雲台天境), Bejoy Villa (鉅悅源墅) and Yungutianjing Mansion (雲谷天境).

Project Management for Property Developments

The Group provides various project management services to property projects developed by associates and joint ventures of the Group, including but not limited to engineering, procurement, design, cost control and customer services.

For the year ended 31 December 2020, revenue generated from the Group's project management services was approximately RMB30.5 million, representing a decrease of approximately 61.7% from approximately RMB79.7 million for the year ended 31 December 2019. The decrease was primarily due to the recognition of most project management income for our existing projects in 2019.

HOTEL OPERATIONS

The Group operates and manages the Hangzhou Zhongdu Qingshan Wonderland Hotel (the “**Hotel**”), which is the first ecotypic and commercial resort hotel constructed pursuant to the standard of five-star hotel in the Lin'an District.

For the year ended 31 December 2020, income generated from the operation of the Hotel was approximately RMB40.3 million, representing an increase of approximately 198.5% from approximately RMB13.5 million for the year ended 31 December 2019. The increase was attributable to the full year operation of the Hotel in 2020 as compared to such income generated in the last quarter of 2019 since the acquisition of such Hotel in September 2019.

PROPERTY INVESTMENT

Rental Income

The Group's rental income for the year ended 31 December 2020 was approximately RMB16.4 million, representing an increase of approximately 412.5% compared to the rental income of approximately RMB3.2 million for the year ended 31 December 2019. The sharp increase was mainly due to the growth in revenue generated from the leasing of investment properties of Peaceful Paradise (君頤東方).

Investment Properties

As at 31 December 2020, the Group had seven investment properties with a total GFA of approximately 335,247 sq.m.. The Group had commenced the leasing of three investment properties with a total GFA of approximately 98,154 sq.m..

EXHIBITION OPERATION

In 2020, through the operation of the first phase of Airport Exhibition Town (空港會展小鎮一期), the Group extended its business to the provision of exhibition management services, including but not limited to the leasing of venue, and the provision of administration and marketing services for exhibitions of various nature.

For the year ended 31 December 2020, income generated from such exhibition operation was approximately RMB2.9 million, which represents a completely new revenue stream of the Group.

LAND BANK

In 2020, the Group continued its expansion in the Yangtze River Delta Megalopolis and acquired 17 land parcels. The total contracted land price of such newly acquired land parcels was approximately RMB15,240 million. The average cost of the land parcels acquired in 2020 was approximately RMB7,052 per sq.m.. The table below sets forth the particulars of the newly acquired land parcels by the Group for the year ended 31 December 2020.

No.	City	Land parcel/ Project name	Land use	Site area	Estimated total GFA	Land premium RMB million	Average land cost (Based on the estimated GFA) RMB/sq.m.
				sq.m.	sq.m.		
I.	Property projects developed by subsidiaries of the Group						
1	Wenzhou	Jiulongtianzhu (玖瓏天著)	Residential	21,186	51,955	537	10,340
2	Hefei	Zhi Lu (知廬)	Residential	40,391	94,137	782	8,307
3	Wuxi	Chun Xiao Guan Tang (春曉觀棠)	Residential	22,125	59,822	460	7,694
4	Wuxi	Mei Gui Gong Guan (玫瑰公館)	Residential	30,028	89,609	656	7,324
5	Hangzhou	Qing Shan Gui Yu (青山桂語)	Residential/hotel	343,443	408,175	1,650	4,042
6	Suzhou	Yu Dong Lu (虞東路)	Residential	65,539	182,155	961	5,275
7	Wuxi	He Feng Lu (和風路)	Residential/retail	28,845	108,030	752	6,962
8	Suzhou	Shui Pan Hua Ting (水畔華庭)	Residential	29,962	88,770	165	1,859
Sub-total				581,519	1,082,653	5,963	5,508

							Average land cost (Based on the estimated GFA)
No.	City	Land parcel/ Project name	Land use	Site area	Estimated total GFA	Land premium RMB million	RMB/sq.m.
				sq.m.	sq.m.		
II.	Property projects developed by associates and joint ventures of the Group						
1	Hangzhou	Lanshili (瀾仕里)	Residential/retail	48,848	162,833	1,365	8,381
2	Hangzhou	Guan Hu Zhi Chen 05 (觀湖之宸05)	Residential	26,019	85,084	1,186	13,938
3	Hangzhou	Guan Hu Zhi Chen 04 (觀湖之宸04)	Residential	43,112	126,649	1,770	13,972
4	Suzhou	Lin Xi Yuan Zhu (林溪源築)	Residential	44,088	102,846	463	4,502
5	Wenzhou	Wen Hua Fu (文華府)	Residential/retail	19,852	64,779	372	5,743
6	Xuzhou	Wei Lai Zhi Chen (未來之宸)	Residential	36,353	113,194	421	3,721
7	Nanjing	Tie Xin Qiao G50 (鐵心橋G50)	Residential	35,058	135,198	1,710	12,648
8	Nanjing	Li Shui G41 (溧水G41)	Residential	57,303	195,512	660	3,376
9	Nanjing	Hui Tong Lu G83 (匯通路G83)	Residential/retail	35,247	92,294	1,330	14,410
Sub-total				345,880	1,078,389	9,277	8,603
Total				927,399	2,161,042	15,240	7,052

PROPERTIES DEVELOPED BY THE GROUP AND ITS JOINT VENTURES AND ASSOCIATES

As at 31 December 2020, the Group had 49 projects located in 10 cities in the PRC, of which 33 projects are developed and owned by the Group and the remaining 16 projects are developed and owned by the Group's joint ventures and associates. As at 31 December 2020, the Group had a land bank with an aggregate estimated GFA of approximately 5,988,145 sq.m., out of which the land bank with interests attributable to the Group amounted to approximately 4,782,696 sq.m.. The following table sets forth the GFA breakdown of the Group's property portfolio as at 31 December 2020 in terms of geographical location:

City	Number of projects	Completed GFA available for sale/ leasable GFA ⁽¹⁾ (sq.m.)	GFA under development (sq.m.)	Planned GFA of future development (sq.m.)	Total GFA ⁽²⁾ (sq.m.)	% of land reserve
Property projects developed by subsidiaries of the Group						
Nanjing	12	18,414	816,636	333,580	1,168,630	19.5%
Wuxi	9	35,147	449,066	207,276	691,489	11.6%
Suzhou	3	1,161	88,770	182,155	272,086	4.5%
Hangzhou	3	1,716	217,957	869,574	1,089,247	18.2%
Xuzhou	2	–	243,218	–	243,218	4.1%
Zhenjiang	2	2,126	258,500	69,240	329,866	5.5%
Hefei	1	–	94,137	–	94,137	1.6%
Wenzhou	1	–	52,853	–	52,853	0.9%
Sub-total	33	58,564	2,221,137	1,661,825	3,941,526	65.8%
Property projects developed by associates and joint ventures of the Group						
Nanjing	6	463	563,808	287,806	852,077	14.2%
Suzhou	2	967	101,254	–	102,221	1.7%
Hefei	1	7,454	5,702	–	13,156	0.2%
Ma'anshan	1	4,633	288,434	131,455	424,522	7.1%
Taizhou	1	–	106,640	–	106,640	1.8%
Hangzhou	3	–	367,599	–	367,599	6.1%
Wenzhou	1	–	67,210	–	67,210	1.1%
Xuzhou	1	–	113,194	–	113,194	1.9%
Sub-total	16	13,517	1,613,841	419,261	2,046,619	34.2%
Sub-total attributable to the Group	N/A	6,464	638,810	195,896	841,170	N/A
Total land reserves	49	72,081	3,834,978	2,081,086	5,988,145	100.0%
Total land reserves attributable to the Group	N/A	65,028	2,859,947	1,857,721	4,782,696	N/A

Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land reserves equals to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development. For properties held by the Group's joint ventures and associates, total GFA attributable to the Group are calculated based on the Group's equity interest in the respective projects.

The following table sets forth details of the Group's land bank by projects and geographical regions as of 31 December 2020:

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
A. Projects developed by the Company's subsidiaries						
1	Zhongshan Jingdian Park (鐘山晶典)	Nanjing	Residential/retail	70,436	October 2011	513
2	Long Island Qin Park (長島觀瀾沁園)	Nanjing	Residential/retail	38,271	June 2015	214
3	Blue Stream Town (藍溪郡)	Nanjing	Residential/retail	117,936	December 2017	1,501
4	Peaceful Paradise (君頤東方)	Nanjing	Residential/retail/ hospital/elderly apartments	120,210	October 2020	523
5	Dongyue Mansion (東岳府)	Nanjing	Residential/retail	16,191	September 2019	1,893
6	Bejoy Villa (鉅悅源墅)	Nanjing	Residential/retail	73,216	December 2020	13,770
7	Ninghai Road G63 (寧海路G63)	Nanjing	Residential/office	8,144	June 2023	48,524
8	Huijian Weilai (薈見未來)	Nanjing	Residential/retail/ recreational and sports	272,475	August 2021	546,799
9	Shantui (山推)	Nanjing	Scientific research/ office	30,500	December 2023	104,742
10	Jin Ling Jiu Yuan (金陵玖園)	Nanjing	Residential/retail	38,258	December 2022	166,093
11	Nan Bu Xin Cheng G63 (南部新城G63)	Nanjing	Medical	26,748	December 2023	148,860
12	Tie Xin Qiao G50 (鐵心橋G50)	Nanjing	Residential	35,058	September 2023	135,198
Sub-total for Nanjing				847,443		1,168,630

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
13	Tianyuan Mansion (天元世家)	Wuxi	Residential/retail	73,696	December 2023	26,963
14	Canal Park (京梁合)	Wuxi	Residential	64,844	June 2024	74,387
15	Sheltered Mansion (東樾府)	Wuxi	Residential/retail/ commercial apartments	52,132	January 2020	1,902
16	Hui Mountain International Community (惠山國際社區)	Wuxi	Residential/retail	114,419	July 2021	154,798
17	Changjiang Fu (長江賦)	Wuxi	Residential/retail	52,399	October 2021	155,252
18	Jiuduhui (洵都匯)	Wuxi	Residential	11,400	November 2021	24,595
19	Chun Xiao Guan Tang (春曉觀棠)	Wuxi	Residential	22,125	December 2022	58,350
20	Mei Gui Gong Guan (玫瑰公館)	Wuxi	Residential	30,028	December 2022	89,316
21	He Feng Lu (和風路)	Wuxi	Residential	28,845	June 2023	105,926
Sub-total for Wuxi				449,888		691,489
22	Yuan Stream Mansion (原溪)	Suzhou	Residential	19,533	November 2019	1,161
23	Yu Dong Lu (虞東路)	Suzhou	Residential	65,539	June 2023	182,155
24	Shui Pan Hua Ting (水畔華庭)	Suzhou	Residential	29,962	June 2021	88,770
Sub-total for Suzhou				115,034		272,086
25	Yungu Tianjing Mansion (雲谷天境)	Hangzhou	Residential/retail	20,713	December 2020	1,251
26	Qingshanhupan (青山湖畔)	Hangzhou	Residential/retail	364,380	December 2023	683,839
27	Yi He Shan Zhuang (頤和山莊)	Hangzhou	Residential/retail	343,443	April 2024	404,157
Sub-total for Hangzhou				728,536		1,089,247
28	Zhixiang Cheng (致享城)	Xuzhou	Residential/retail	54,190	September 2021	75,436
29	Qingyunfu (青雲府)	Xuzhou	Residential/retail	58,563	March 2022	167,782
Sub-total for Xuzhou				112,753		243,218
30	Tang Dynasty Mansion (盛唐府)	Zhenjiang	Residential/retail	123,458	December 2023	124,420
31	Yuefu Mansion (樾府)	Zhenjiang	Residential/retail	55,810	September 2022	205,446
Sub-total for Zhenjiang				179,268		329,866

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
32	Zhi Lu (知廬)	Hefei	Residential/retail	40,391	June 2023	94,137
Sub-total for Hefei				40,391		94,137
33	Jiulongtianzhu (玖龍天著)	Wenzhou	Residential/retail	21,186	June 2022	52,853
Sub-total for Wenzhou				21,186		52,853
Sub-total of land bank developed by subsidiaries of the Company				2,494,499		3,941,526
B. Projects developed by the Group's joint ventures and associates						
1	Dream Garden (白馬瀾山)	Nanjing	Residential/retail	77,195	March 2018	463
2	Yuelufu (月鶯府)	Nanjing	Residential	62,798	September 2021	205,904
3	Huilingweilai (薈領未來)	Nanjing	Residential	58,745	June 2021	127,520
4	Shangtang Yihefu (上棠頤和府)	Nanjing	Residential	101,697	August 2021	230,384
5	Hui Tong Lu G83 (匯通路G83)	Nanjing	Residential	35,247	June 2023	92,294
6	Li Shui G41 (溧水G41)	Nanjing	Residential	57,302	December 2023	195,512
Sub-total for Nanjing				392,983		852,077
Attributable to the Group				149,299		309,540
7	Suzhou 2017-WG-66 Parcel (蘇地2017-WG-66地塊)	Suzhou	Residential	10,219	October 2020	967
8	Lin Xi Yuan Zhu (林溪源築)	Suzhou	Residential/retail	34,120	September 2022	101,254
Sub-total for Suzhou				44,339		102,221
Attributable to the Group				15,693		40,695
9	Yuexi Mansion (樾溪臺)	Hefei	Residential/retail	54,783	December 2020	13,156
Sub-total for Hefei				54,783		13,156
Attributable to the Group				27,391		6,578
10	Town City (依瀾郡)	Ma'anshan	Residential/retail/ recreational and sports	184,873	September 2022	424,522
Sub-total for Ma'anshan				184,873		424,522

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
	Attributable to the Group			92,436		212,261
11	Junlanfu (君蘭府)	Taizhou	Residential/retail	34,120	February 2022	106,640
	Sub-total for Taizhou			34,120		106,640
	Attributable to the Group			13,648		42,656
12	Lanshili (瀾仕里)	Hangzhou	Residential	48,848	December 2021	162,833
13	Guan Hu Zhi Chen 04 (觀湖之宸04)	Hangzhou	Residential	43,112	April 2023	123,106
14	Guan Hu Zhi Chen 05 (觀湖之宸05)	Hangzhou	Residential	40,391	April 2023	81,660
	Sub-total for Hangzhou			132,351		367,599
	Attributable to the Group			57,116		157,277
15	Wen Hua Fu (文華府)	Wenzhou	Residential	19,852	April 2022	67,210
	Sub-total for Wenzhou			19,852		67,210
	Attributable to the Group			7,941		26,884
16	Wei Lai Zhi Chen (未來之宸)	Xuzhou	Residential	36,353	March 2023	113,194
	Sub-total for Xuzhou			36,353		113,194
	Attributable to the Group			14,541		45,278
	Sub-total of land bank developed by the Group's joint ventures and associates			899,654		2,046,619
	Sub-total of land bank developed by the Group's joint ventures and associates (attributable to the Group)			378,065		841,170
	Total land bank			3,394,153		5,988,145
	Total land bank (attributable to the Group)			2,872,564		4,782,696

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB1,587.1 million or approximately 17.5% from approximately RMB9,092.5 million for the year ended 31 December 2019 to approximately RMB10,679.6 million for the year ended 31 December 2020 as a result of an increase in revenue derived from sale of properties. Details of the increase in revenue derived from sale of properties are set out under the paragraph headed "Property Development — GFA Delivered and Revenue Recognised from Sale of Properties" in this announcement.

The table below sets forth the Group's revenue for each of the components described above and the percentage of total revenue represented for the periods indicated.

	2020		2019		Year-over- Year Change in Revenue
	Revenue RMB'000	% of Total Revenue %	Revenue RMB'000	% of Total Revenue %	%
Sale of properties	10,589,619	99.2	8,996,128	98.9	17.7
Project management income	30,489	0.28	79,679	0.9	(61.7)
Hotel operations	40,290	0.37	13,460	0.1	199.3
Rental income	16,360	0.14	3,205	0.1	410.5
Exhibition operation	2,876	0.01	—	—	—
Total	10,679,634	100.0	9,092,472	100.0	17.5

Cost of Sales

The Group's cost of sales mainly comprised cost of property sales which was directly associated with the revenue from the sale of properties, which represented direct construction costs, land acquisition costs and capitalised borrowing costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales increased by approximately RMB1,909.0 million or approximately 25.1% from approximately RMB7,613.2 million for the year ended 31 December 2019 to approximately RMB9,522.2 million for the year ended 31 December 2020, which was mainly due to the higher cost of per sq.m. of Yungutianjing Mansion (雲谷天境), Bejoy Villa (鉅悅源墅), Tang Dynasty Mansion (盛唐府) and Yuefu Mansion (樾府). Such increase was also attributable to the fact that the Group recognised a large amount of revenue for the year ended 31 December 2020, and accordingly, the related cost of sales was recognised during the same year.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately RMB321.9 million or approximately 21.8% from approximately RMB1,479.3 million for the year ended 31 December 2019 to approximately RMB1,157.4 million for the year ended 31 December 2020. The Group's gross profit margin decreased from approximately 16.3% for the year ended 31 December 2019 to approximately 10.8% for the year ended 31 December 2020, which was primarily due to the low gross profit attributable to the sales of Yungutianjing Mansion (雲谷天境), the revenue of which accounted for approximately 11% of the total revenue of the Group generated from sales of properties. Such decrease was also attributable to the recognition of relatively high cost incurred in several acquisition projects.

Other Income and Gains

The Group's other income and gains primarily consist of interest income, investment income from financial assets at FVTPL, dividend income from equity investments at FVOCI, government grants, forfeiture of deposits, gain on disposal of a subsidiary and others.

The Group's other income and gains decreased by approximately RMB1.0 million or approximately 1.5% from approximately RMB65.8 million for the year ended 31 December 2019 to approximately RMB64.8 million for the year ended 31 December 2020. Although there was an increase of investment income from financial assets at FVTPL, the Group's other income and gains decreased as no recovery of financial guarantees contracts and security deposit for breaking contracts was recognized during 2020.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly represented staff cost, advertising and business development expenses, office expenses and others.

The Group's selling and distribution expenses decreased by approximately RMB36.6 million or approximately 12.4% from approximately RMB295 million for the year ended 31 December 2019 to approximately RMB258.4 million for the year ended 31 December 2020, which was mainly due to the decrease in advertising expenses incurred for Sheltered Mansion (東樾府), Jiangshan Yue Mansion (江山御) and Kinma Q + Community (Kinma Q +社區), the disposal of the Tianjing (天境) project in Ma'an Shan and the lowered staff cost incurred during 2020.

Administrative Expenses

Administrative expenses primarily comprised staff costs, travel and entertainment expenses, professional fees, office expenses, other taxes and surcharges, depreciation and amortisation and others.

The Group's administrative expenses decreased by approximately RMB65.7 million or approximately 22.5% from approximately RMB292.4 million for the year ended 31 December 2019 to approximately RMB226.7 million for the year ended 31 December 2020, which was mainly due to the adjustment of the organisational structure of the Group in 2020, which contributed to improved efficiency on human resources utilisation and the reduction in unnecessary manpower expenditures.

Other Expenses

The Group's other expenses mainly comprised one-off expenses including financial guarantee, contract expenses, compensation to customers, charitable donation expenses, foreign exchange losses and others.

The Group's other expenses decreased by approximately RMB2.7 million or approximately 11.8% from approximately RMB22.8 million for the year ended 31 December 2019 to approximately RMB20.1 million for the year ended 31 December 2020, which was mainly due to the fact that less foreign exchange losses was incurred as compared to that for the year ended 31 December 2019.

Fair Value Gains on Investment Properties

The Group's fair value gains on investment properties increased by approximately RMB19.4 million or approximately 18.3% from approximately RMB106.3 million for the year ended 31 December 2019 to approximately RMB125.7 million for the year ended 31 December 2020, which was mainly generated from the increase in fair value of the projects of Peaceful Paradise (君頤東方), Keya Mansion (科亞大廈), Zhi Lu (知廬) and Yungutianjing Mansion (雲谷天境).

Finance Costs

Finance costs primarily consist of interest on bank and other borrowings, interest expense arising from revenue contracts and interest on lease liabilities.

The Group's finance costs increased by approximately RMB35.3 million or approximately 21.1% from approximately RMB167.0 million for the year ended 31 December 2019 to approximately RMB202.3 million for the year ended 31 December 2020, which was primarily due to the increase in interest expenses caused by the increase in borrowings and advance receipts.

Share of Gains/Loss on Joint Ventures and Associates

The Group's share of loss on joint ventures decreased by approximately RMB5.5 million or approximately 35.7% from a loss of approximately RMB15.4 million for the year ended 31 December 2019 to a loss of approximately RMB9.9 million for the year ended 31 December 2020, which was mainly due to the profit generated from cooperative projects operated and delivered by joint ventures, such as Dream Mansion (悅見山) and Suhe Bay (蘇河灣).

The Group's share of gains on associates decreased by approximately RMB37.4 million or approximately 45.9% from a gain of approximately RMB81.4 million for the year ended 31 December 2019 to a gain of approximately RMB44.0 million for the year ended 31 December 2020, which was mainly attributable to the lower gross profit margin of the projects operated and delivered by associates, such as Town City (依瀾郡) and Huilingweilai (薈領未來).

Income Tax

Income tax represents PRC corporate income tax and LAT payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses decreased by approximately RMB291.5 million or approximately 50.3% from approximately RMB579.8 million for the year ended 31 December 2019 to approximately RMB288.3 million for the year ended 31 December 2020, which was mainly due to the decrease in profit before tax.

Profit for the Year

The Group's profit for the year increased by approximately RMB25.7 million or approximately 7.1% from approximately RMB360.4 million for the year ended 31 December 2019 to approximately RMB386.1 million for the year ended 31 December 2020. The Group's net profit margin decreased from approximately 4.0% for the year ended 31 December 2019 to approximately 3.6% for the year ended 31 December 2020, which was mainly due to (i) the decrease in gross profit margin for the year ended 31 December 2020; and (ii) the decrease in the share of gains of joint ventures and associates for the year ended 31 December 2020.

Profit attributable to owners of the parent for the year ended 31 December 2020 was approximately RMB182.6 million, representing an increase of approximately 21.5% as compared to approximately RMB150.3 million for the year 2019. Such increase was mainly due to the increase in the valuation of the Group's investment properties and the corresponding profit attributable to the Group.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Property development is capital-intensive and the Group expects to continue to incur a high level of capital expenditures for project development in the foreseeable future. The Group funds its business operations both through cash flows generated from its business operations and through external financing, primarily including bank and other borrowings.

The Group's primary uses of cash are for the payment of acquisition of land use rights, construction costs, staff costs and various operating expenses.

Cash Positions

As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB3,518.3 million (31 December 2019: approximately RMB2,894.3 million), pledged deposits of approximately RMB2,194.1 million (31 December 2019: approximately RMB0.03 million) and restricted cash of approximately RMB708.5 million (31 December 2019: approximately RMB1,137.1 million).

Interest-Bearing Bank and Other Borrowings

As at 31 December 2020, the Group had total borrowings (including interest-bearing bank loans and other borrowings) of approximately RMB12,148.2 million, compared to approximately RMB10,500.0 million as at 31 December 2019. The Group's borrowings were mainly denominated in RMB.

The following table sets forth the Group's total borrowings as at the dates indicated.

	As at 31 December	
	2020	2019
	(RMB'000)	(RMB'000)
Current:		
Bank loans — secured	—	200,000
Other loans — secured	576,000	373,000
Other loans — unsecured	326,245	697,620
Current portion of long term bank loans — secured	2,321,141	2,863,036
Current portion of long term other loans — secured	99,700	634,163
Current portion of long term other loans — unsecured	—	150,000
	<hr/>	<hr/>
Total current borrowings	3,323,086	4,917,819
	<hr/>	<hr/>
Non-current:		
Bank loans — secured	7,401,345	3,485,634
Other loans — secured	1,381,497	2,093,506
Other loans — unsecured	42,252	3,000
	<hr/>	<hr/>
Total	12,148,180	10,499,959
	<hr/> <hr/>	<hr/> <hr/>

The following table sets forth the repayment schedule of the Group's borrowings as at the dates indicated.

	As at 31 December	
	2020	2019
	(RMB'000)	(RMB'000)
Repayable within one year	3,323,086	4,917,819
Repayable in the second year	2,455,705	2,316,179
Repayable within two to five years	5,886,433	2,810,431
Repayable after five years	482,956	455,530
Sub-total	8,825,094	5,582,140
Total	12,148,180	10,499,959

The following table sets out the range of interest rates for the Group's borrowings as at the dates indicated.

	As at 31 December	
	2020	2019
	Effective	Effective
	interest rate	interest rate
	(%)	(%)
Current:		
Bank loans — secured	N/A	8.00
Other loans — secured	13.00	11.50–12.40
Other loans — unsecured	12.50	12.50
Current portion of long term bank loans — secured	4.69–6.90	4.72–6.81
Current portion of long term other loans — secured	13.00	8.38–13.00
Current portion of long term other loans — unsecured	N/A	7.50–15.00
Non-current:		
Bank loans — secured	4.46–6.65	4.72–6.81
Other loans — secured	7.00–13.00	7.00–13.00
Other loans — unsecured	7.00–7.50	15.00

The Group's certain secured borrowings were secured by the pledges of the asset portfolio which includes investment properties, prepaid land lease payments, properties under development and completed properties held for sale.

Notes Issue

In order to refinance certain existing indebtedness of the Company and general corporate purposes, senior notes have been issued during the year ended 31 December 2020.

On 26 June 2020, the Company issued US\$140,000,000 12.0% senior notes due 2021, which were listed on the Stock Exchange on 29 June 2020. As at 31 December 2020, the net proceeds had been fully utilised. For further details, please refer to the announcements of the Company dated 19 June 2020 and 26 June 2020.

On 4 November 2020, the Company issued US\$200,000,000 12.0% senior notes due 2021, which were listed on the Stock Exchange on 5 November 2020. As at 31 December 2020, the net proceeds remained unutilised. For further details, please refer to the announcements of the Company dated 29 October 2020 and 4 November 2020.

Financial Risks

The Group is exposed to market risks from changes in market rates and prices, such as interest rates, credit, liquidity and foreign exchange risk.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the year ended 31 December 2020. The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, restricted cash, pledged deposits, financial assets at FVTPL, equity investments designated at FVOCI, and financial assets included in prepayment, deposits and other receivables.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

Foreign Exchange Risk

The Group mainly operates its business in the PRC. Other than the foreign currency denominated bank deposits and senior notes, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2020. The directors of the Company (the “**Directors**”) expect that any such fluctuations in exchange rate would not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Key Financial Ratios

The Group’s current ratio remained relatively stable at approximately 1.3 and approximately 1.2 as at 31 December 2019 and 31 December 2020 respectively. The Group’s net gearing ratio decreased from approximately 160.6% as at 31 December 2019 to approximately 151.0% as at 31 December 2020, primarily due to the increase in the Group’s cash reserves and total equity as at 31 December 2020 as compared to that as at 31 December 2019.

Note:

Net gearing ratio is calculated by dividing the net of interest-bearing bank borrowings minus cash and cash equivalents, restricted cash and pledged deposits by the total equity.

Contingent Liabilities

Mortgage Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group’s customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a customer defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of its completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under the above arrangement, the related properties were pledged to the banks as collaterals for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

As at 31 December 2020, such guarantees in respect of mortgage facilities granted by certain banks to the customers of the Group's completed properties held for sale amounted to approximately RMB5,130.6 million, compared with approximately RMB5,258.7 million as at 31 December 2019.

The Group did not incur any material losses during the year ended 31 December 2020 in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Board considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

The Directors confirm that the Group has not encountered defaults by customers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on the Group's financial condition and results of operations.

Legal Contingents

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on its business, financial condition or operating results.

Commitments

As at 31 December 2020, the Group's commitment for property development and capital commitments which it had contracted but yet provided for was approximately RMB12,843.1 million, compared to approximately RMB6,848.1 million as at 31 December 2019.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 31 December 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Significant Investments Held

Save as disclosed in this announcement, the Group did not hold any significant investments during the year ended 31 December 2020.

Employees

As at 31 December 2020, the Group had a total of 880 employees. The Group offers employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. It contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

Use of Proceeds from the Initial Public Offering

The Company completed the global offering and its shares were successfully listed on the Main Board of the Stock Exchange on 6 March 2019. On 3 April 2019, as a result of the Over-allotment Option (as defined in the prospectus of the Company dated 22 February 2019 (the “**Prospectus**”)) being partially exercised, 29,914,000 new shares were allotted and issued at the offer price of HK\$2.38 per share. The total net proceeds raised from the global offering (after issuance of the shares pursuant to the exercise of the Over-allotment Option) after deducting all the underwriting commissions, transaction levy and trading fee (as applicable) and all other listing expenses in connection with the global offering was approximately HK\$855.8 million, which is intended to be utilised for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 31 December 2020, the Group had fully utilised the net proceeds, which have been applied as follows:

Intended usage as disclosed in Prospectus	Intended allocation (based on total net proceeds of HK\$855.8 million) (approximately)	Actual utilised amount as at 31 December 2020
<ul style="list-style-type: none">Construction costs for the development of property projects, namely Honor Mansion (雲台天境), 2017G63 Ninghai Road Parcel and Huijian Weilai (薈見未來).	60% of total net proceeds — HK\$513.5 million	HK\$513.5 million

Intended usage as disclosed in Prospectus	Intended allocation (based on total net proceeds of HK\$855.8 million) (approximately)	Actual utilised amount as at 31 December 2020
<ul style="list-style-type: none"> Repayment of all or any part of certain existing bank and other borrowings: <ul style="list-style-type: none"> (i) bank borrowing with outstanding balance of approximately RMB477.4 million with a floating interest rate of 0.6% above the PRC inter-bank loan prime rate per annum and maturity date of 21 June 2026, which is used for payment of development cost for the relevant project company; ^(Note 1) (ii) bank borrowing with outstanding balance of approximately RMB241.1 million with a floating interest rate of 0.6% above the PRC inter-bank loan prime rate per annum and maturity date of 21 June 2026, which is used for payment of development cost for the relevant project company; ^(Note 1) (iii) bank borrowing with outstanding balance of approximately RMB399.8 million with a fixed interest rate of 6.27% above the PBOC benchmark rate per annum and maturity date of 11 June 2021, which is used for payment of development cost for the relevant project company; (iv) bank borrowing with outstanding balance of approximately RMB163.4 million with a floating interest rate of 5.0% above the PBOC benchmark rate per annum and maturity date of 15 March 2019, which is used for payment of development cost for the relevant project company; and (v) other borrowing with outstanding balance of approximately RMB100.0 million with a fixed interest rate of 7.5% per annum and maturity date of 14 June 2020, which is used for settling the consideration for the transfer of shares in Nanjing Yincheng to Nanjing Yingang as part of the Reorganisation. 	30% of total net proceeds — HK\$256.7 million	HK\$256.7 million

Intended usage as disclosed in Prospectus	Intended allocation (based on total net proceeds of HK\$855.8 million) (approximately)	Actual utilised amount as at 31 December 2020
<ul style="list-style-type: none"> General working capital 	10% of total net proceeds — HK\$85.6 million	HK\$85.6 million

Notes:

- As disclosed in the Prospectus, approximately 9% of the total net proceeds were intended to be utilised for the repayment of the outstanding bank borrowings as referred to in items (i) and (ii) above, namely approximately HK\$77.0 million in aggregate.
- Capitalised terms used in the above table shall have the same meanings as defined in the Prospectus.

Future Plans for Material Investments

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the Yangtze River Delta Megalopolis in the PRC. No concrete plan for future investments is in place as at the date of this announcement.

Material Acquisition and Disposal

On 25 February 2020, Hangzhou Yinjiahong Corporate Management Co. Ltd.* (杭州銀嘉泓企業管理有限責任公司) (“**Hangzhou Yinjiahong**”), an indirect wholly-owned subsidiary of the Company, Shanghai Juanlang Real Estate Development Co. Ltd.* (上海隼朗房地產開發有限公司) (“**Shanghai Juanlang**”), Greatmind Developments (HK) Limited (宏智發展(香港)有限公司) (“**Greatmind Developments**”) and Shanghai Juanyue Property Co. Ltd.* (上海隼岳置業有限公司) (“**Shanghai Juanyue**”) entered into a development cooperation agreement (the “**Cooperation Agreement**”), pursuant to which, (i) Hangzhou Yinjiahong agreed to purchase, and Shanghai Juanlang agreed to sell, 40% of the entire equity interest in Shanghai Juanyue at the total consideration of RMB549,045,600; and (ii) the rights and obligations of the parties to the Cooperation Agreement and the management and affairs of Shanghai Juanyue and its wholly-owned subsidiary, Hangzhou Juanjin Property Co. Ltd.* (杭州隼勁置業有限公司) (“**Hangzhou Juanjin**”), are governed. Upon completion of the acquisition, the equity interest in Shanghai Juanyue will be held as to 40% and 60% by Hangzhou Yinjiahong and Greatmind Developments, respectively. Hangzhou Juanjin holds a parcel of land situated at the Hangzhou City of the Zhejiang Province in the PRC. For further details, please refer to the announcement of the Company dated 25 February 2020.

On 15 July 2020, Wuxi Yincheng Real Estate Development Co., Ltd.* (無錫銀城房地產開發有限公司) (“**Wuxi Yincheng**”), an indirect wholly-owned subsidiary of the Company, and Wuxishi Xinwu District Jiangxi Street Assets Operation Company* (無錫市新吳區江溪街道資產經營公司) (the “**Assets Operation Company**”) entered into an equity transaction agreement, pursuant to which Wuxi Yincheng agreed to acquire, and the Assets Operation Company agreed to sell, at the total consideration of RMB460,279,040, (i) the entire equity interest in Wuxi Chengxiang Real Estate Co., Ltd.* (無錫誠祥置業有限公司) (“**Wuxi Chengxiang**”) at the equity transfer price of RMB104,312,211; and (ii) a debt in the amount of RMB355,966,829 owed by Wuxi Chengxiang to the Assets Operations Company. Wuxi Chengxiang holds a parcel of land. For further details, please refer to the announcement of the Company dated 15 July 2020.

On 20 August 2020, Wuxi Yinxuan Enterprise Management Co., Ltd.* (無錫垠烜企業管理有限公司) (“**Wuxi Yinxuan**”), an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with Shanghai Sunac Real Estate Development Co., Ltd. (上海融創房地產開發集團有限公司) (“**Shanghai Sunac**”) and Wuxi Rongshi Enterprise Management Co., Ltd.* (無錫融勢企業管理有限公司) (“**Wuxi Rongshi**”) for the joint development of a parcel of land through Wuxi Xinfa Jiayuan Real Estate Co., Ltd.* (無錫市新發佳園置業有限公司). Pursuant to the cooperation agreement, among others, (i) the registered capital of Wuxi Rongshi shall be increased to RMB100,000,000, of which RMB50,000,000 and RMB50,000,000 shall be contributed by Wuxi Yinxuan and Shanghai Sunac, respectively; and (ii) shareholder’s loans shall be provided by Wuxi Yinxuan and Shanghai Sunac to Wuxi Rongshi in proportion to their respective equity interest in it, of which a total amount of RMB332,092,860 shall be provided by Wuxi Yinxuan. For further details, please refer to the announcement of the Company dated 20 August 2020.

On 15 September 2020, Hangzhou Zezhou Enterprise Management Co., Ltd.* (杭州澤洲企業管理有限公司) (“**Hangzhou Zezhou**”), an indirect wholly-owned subsidiary of the Company, entered into the following agreements:

- (i) the equity interest transfer framework agreement with Yihe Real Estate Group Co., Ltd.* (頤和地產集團有限公司) (“**Yihe Real Estate**”), Hangzhou Qingcheng Property Development Co., Ltd.* (杭州青城房地產開發有限公司) (“**Hangzhou Qingcheng**”), Mr. He Jianliang, Mr. He Jianxin and Hangzhou Hongyuyuan Enterprise Management Partnership (Limited Partnership)* (杭州鴻鈺源企業管理合夥企業(有限合夥)) for the acquisition of 67% equity interest in Hangzhou Qingcheng and a debt of Hangzhou Qingcheng owed to Yihe Real Estate; and
- (ii) the equity interest transfer framework agreement with Zhejiang Huahong Holding Group Co., Ltd.* (浙江華虹控股集團有限公司) (“**Zhejiang Huahong**”), Mr. Zhao Chongqing (“**Mr. Zhao**”), Mr. Zhou Qingxing (“**Mr. Zhou**”) and Hangzhou Qingcheng for the acquisition of 33% equity interest in Hangzhou Qingcheng and a debt of Hangzhou Qingcheng owed to Zhejiang Huahong, Mr. Zhao, Mr. Zhou and their associates.

For further details, please refer to the announcement and circular of the Company dated 15 September 2020 and 26 February 2021 respectively.

On 20 December 2020, Nanjing Yincheng Real Estate Co., Ltd* (南京銀城房地產開發有限公司) (“**Nanjing Yincheng**”), Nanjing Yinzhuo Real Estate Co., Ltd* (南京銀卓房地產開發有限公司) (“**Nanjing Yinzhuo**”), Wenzhou Yinjiahui Enterprise Management Co., Ltd.* (溫州銀嘉匯企業管理有限責任公司)(“**Wenzhou Yinjiahui**”) (all of which being indirect wholly-owned subsidiaries of the Company) and Hangzhou Qianyan Enterprise Management Consulting Co., Ltd.* (杭州前岩企業管理諮詢有限公司) entered into an investment cooperation agreement for the joint investment in Wenzhou Yinjiahui, and ultimately, for the proposed acquisition by Wenzhou Yinjiahui of 51% equity interest in Wenzhou Overseas Chinese Town Investment Development Co., Ltd.* (溫州華僑城投資發展有限公司) which principal asset is a parcel of land situated at Wenzhou with the properties erected thereon. As at 31 December 2020, such proposed acquisition was yet to be completed. For further details, please refer to the announcement of the Company dated 20 December 2020.

On 23 December 2020, Wuxi Yinzetao Enterprise Management Co., Ltd.* (無錫銀澤濤企業管理有限公司)(“**Wuxi Yinzetao**”) and Wuxi Yinzexuan Enterprise Management Co., Ltd.* (無錫銀澤渲企業管理有限公司) (“**Wuxi Yinzexuan**”) (both being a wholly-owned subsidiary of the Company) and Wuxi Huayu Real Estate Co., Ltd.* (無錫華宇置業有限公司) (“**Wuxi Huayu**”) entered into a cooperation agreement. Through a series of equity interest transfers, allotment and the settlement of consideration and fees pursuant to such agreement, Wuxi Yinzetao and Wuxi Huayu shall jointly develop a parcel of land through Wuxi Yinzexuan and Wuxi Xuelang Changguang Real Estate Co., Ltd.* (無錫雪浪長廣置業有限公司). For further details, please refer to the announcement of the Company dated 23 December 2020.

On 23 December 2020, Wuxi Yinzezhou Enterprise Management Co., Ltd* (無錫銀澤洲企業管理有限公司) (an indirect wholly-owned subsidiary of the Company) entered into the following agreements:

- (i) the equity transaction agreement (產權交易合同) with Shenzhen OCT Properties Co., Ltd. (深圳華僑城房地產有限公司) (“**Shenzhen OCT**”) and Changshu Shajiabang Town Operation and Investment Co., Ltd.* (常熟市沙家浜鎮城鎮經營投資有限公司) (“**Changshu Shajiabang**”) for the acquisition of 80% equity interest in Changshu Shajiabang Huading Land Co., Ltd* (常熟市沙家浜華鼎置地有限公司) (“**Changshu Shajiabang Huading**”) and the debt of the Changshu Shajiabang Huading owed to Shenzhen OCT and Changshu Shajiabang; and
- (ii) the equity transfer agreement (股權轉讓協議) with Jiangsu Zhongding Real Estate Development Co., Ltd. (江蘇中鼎房地產開發有限責任公司) (“**Jiangsu Zhongding**”) for the acquisition of 20% equity interest in Changshu Shajiabang Huading and the debt of Changshu Shajiabang Huading owed to Jiangsu Zhongding.

For further details, please refer to the announcement and circular of the Company dated 23 December 2020 and 26 February 2021 respectively.

Save as disclosed herein, for the year ended 31 December 2020, the Group did not perform any material acquisition or disposal of subsidiaries, associates and joint ventures.

Subsequent Events

On 4 February 2021, Nanjing Yincheng and Jiangsu Winfast Investment Holding Group Co., Ltd. (江蘇瑞華投資控股集團有限公司) (“**Jiangsu Winfast**”) entered into an equity transfer agreement, pursuant to which Jiangsu Winfast agreed to sell, and Nanjing Yincheng agreed to acquire, 25% equity interest in Nanjing Eastern Senior Living Health Industry Co., Ltd.* (南京東方頤年健康產業發展有限公司), which principally engages in the development of properties for the elderly and investment and management of hospitals, at the consideration of RMB335,347,000. For further details, please refer to the announcement of the Company dated 4 February 2021.

On 17 March 2021, the Company issued US\$165,000,000 11.8% senior notes due 2022, which were listed on the Stock Exchange on 18 March 2021. The Company intended to use the net proceeds from the issue of such senior notes for refinancing certain existing indebtedness of the Company and general corporate purposes. For further details, please refer to the announcements of the Company dated 12 March 2021 and 17 March 2021.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company for the year ended 31 December 2020.

ANNUAL GENERAL MEETING

A notice convening the AGM will be published and dispatched to the Shareholders as soon as practicable in accordance with the Company’s Articles of Association and the Rules Governing the Listing of the Securities on the Stock Exchange (the “**Listing Rules**”). The record date and closure of books for the purpose of ascertaining the Shareholders’ entitlement to attend and vote at the AGM will be announced in due course.

FINAL DIVIDEND

The Board recommended the payment of final dividend of HK\$0.0306 per share for the year ended 31 December 2020 (2019: HK\$0.0232 per share). The final dividend is subject to the approval by the Shareholders at the AGM and is expected to be paid in or about July 2021. The record date and closure of books for the purpose of ascertaining the Shareholders’ entitlement to the proposed final dividend will be announced in due course.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company with reference to the Corporate Governance Code (the “**Code**”) set out in Appendix 14 to the Listing Rules so as to maintain a high standard of corporate governance of the Company. So far as the Directors are aware, the Company has complied with the Code throughout the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the year ended 31 December 2020.

AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT BY THE INDEPENDENT AUDITOR

The Company established the Audit Committee with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Huang Qingping.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2020. The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group’s auditor, Ernst & Young, Certified Public Accountants of Hong Kong (“**Ernst & Young**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.yincheng.hk). The annual report will be dispatched to the Shareholders and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Yincheng International Holding Co., Ltd.
HUANG Qingping
Chairman

Nanjing, China
29 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. Ma Baohua, Mr. Zhu Li, Mr. Wang Zheng and Ms. Shao Lei; the non-executive directors of the Company are Mr. Huang Qingping and Mr. Xie Chenguang; and the independent non-executive directors of the Company are Mr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Lam Ming Fai.

Notes: In this announcement, English names of PRC entities marked “*” are translations of their Chinese names for identification purposes only.

Amounts and percentage figures included in this announcement, including information presented in thousands or millions of units, have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items.